

Talking points
Monday, June 2, 2008

SUMMARY

- **The time for stopgap, temporary, half-baked, politically-contrived, feel-good measures is long gone. Medicaid must have a long-term, sustainable funding solution; House Democrats have yet to put forward such a realistic long-term solution, opting instead to put it off for another year when the problem will only get worse.**
- **The state's new Fiscal Year begins in 29 days and cannot start with a known deficit in Medicaid.**
- **If the Legislature fails to adopt the Mississippi Hospital Association plan to fund Medicaid, the Governor will be forced to begin cutting \$365 million in Medicaid services. He does not relish such action, but it will be required, and it will be done in order to protect the solvency of the program for Mississippians who most need its benefits.**

The current Special Session included a number of items, but two remain especially timely and vital: re-authorizing the Mississippi Department of Employment Security and finding a stable, permanent solution to a \$90 million shortfall in Medicaid funding.

So far, the Senate has dealt effectively with both, and taxpayers can be proud of their Senate's work. In the Senate, regarding the Medicaid issue, a majority of Republicans, a majority of Democrats, and a majority of African-American Democrats all voted for the Medicaid funding plan developed by the Mississippi Hospital Association and the Division of Medicaid. The Senate passed the bill – SB 2013 – by a vote of 41-to-7.

But the story is different in the House.

By insisting it won't reauthorize MDES for a sufficient period of time, the House has voted to put off dealing with a serious situation, leading to serious consequences. Some in the House at first pushed an issue that had nothing to do with the highly successful operations of this vital department of state government. As of today, there is still no agreement on re-authorizing MDES and if this indefensible lack of action is allowed to stand, unemployed Mississippians can not receive their benefits, businesses will see their unemployment insurance tax rates dramatically multiply, and the state will lose millions of dollars in federal grants.

Moreover, our community colleges will see the loss of workforce investment dollars that are helping train Mississippians for new and higher-paying jobs. Over the past four years Mississippi's job-creating programs have resulted in a net gain of more than 60,000 new jobs, attributable at least in part to the solid successes at MDES.

Same thing with Medicaid, as the House has voted to put it off despite the fact that state law does not permit Medicaid to begin a new fiscal year with a known deficit.

Members of the Medicaid Hospital Advisory Board appointed by the Governor said in a statement last week they supported the proposal put forward by the Mississippi Hospital Association. Their statement said they support SB 2013 and added the caveat that they would prefer a cigarette tax; of course, in a perfect world hospitals would naturally not want to pay a tax they'd been paying since the Fordice administration.

The Governor has stated this clearly: A cigarette tax to fill the \$90 million hole in Medicaid is not an appropriate option, as tying growing revenue needs like Medicaid to a declining source of revenue just doesn't make good fiscal sense. The House itself couldn't even muster enough votes to pass an increase in the cigarette tax. Neither is it fair to dip into the general fund and ask taxpayers to pay a tax the hospitals have been paying, and have said they will continue to pay.

The time for stopgap, temporary, half-baked, politically-contrived, feel-good measures is long gone. Medicaid must have a long-term, sustainable funding solution; House Democrats have yet to put forward such a realistic long-term solution, opting instead to put it off for another year when the problem will only get worse.

The Mississippi Hospital Association proposal is logical and comprehensive.

State law does not permit Medicaid to begin a new fiscal year with a known deficit; the state's new fiscal year begins in 29 days. If Medicaid cannot provide the current level of services due to financial constraints, the Legislature has mandated remedies, which can include cutting services.

If the Legislature fails to adopt the Mississippi Hospital Association plan to fund Medicaid, the Governor will be forced to begin cutting \$375 million in Medicaid services. He does not relish such action, but it will be required, and it will be done in order to protect the solvency of the program for Mississippians who most need its benefits.

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